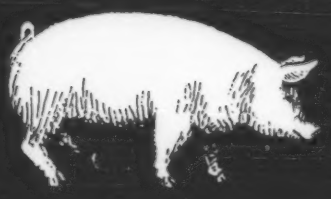
1988
annual report

saskatchewan pork producers marketing board



Annual Report of the Saskatchewan Pork Producers Marketing Board For the Year 1988

Directors

Richard Wright, Wawota	Chairman
Garth Larson, Semans	Vice-Chairman
Ken Jamieson, Battleford	Vice-Chairman
Irvin Yorga, Flintoft	
Donald Kolla, Cudworth	
Harvey Wagner, Hague	
Ben Gaudet, Bellevue	

Administration

Jim Morris	General Manager
Don Hrapchak	Sales Manager
Ron Belke	Assembly and Transportation Manager
Larry Walker	Office Manager/Accountant
Sharon Perkins	Promotions Manager
Marilyn Jonas	Resource Coordinator
Jack McClung	Information Officer/ Editor Saskatchewan Pork News

Head Office
502 Forty-Fifth Street West
Saskatoon, Saskatchewan
S7L 6H2

92-00246/

Marketing Summary '88 Saskatchewan Pork (2)

	1988	1987
Total Hogs Sold (Saskatchewan Origin)	1,027,675	816,337
Hogs Settled by Small Plants and Sow Auctions	22,975	22,842
Total Saskatchewan Production	1,050,650	839,179
Active Producers	6,411	5,014
Gross Paid to Producers	$109,946,876.07	$113,216,248,20
Weekly Delivery Highlights		
High - week ending October 21	23,741	
Pool price that week	$117.20	
Low - Week ending February 5	15,062	
Pool price that week	$143.00	
Average weekly deliveries	19,763	15,699
Grading Highlights		
Average Index (excluding 67's)	102.1	102.6
% hogs grading 101 and over	65.9	70.2
Average hog weight, dressed (kg)	80.5	80.4
Price Highlights		
Average hog price ($/ckg, dressed, index 100)	$130.89	$167.82
Average gross value per hog	$107.33	$138.35
High - pool price week ending June 10	$157.50	
Low - pool price week ending November 25	$111.00	
Average sow price ($/ckg, dressed, #1 Heavy)	$ 77.62	$113.34
Boar Sales		
Number sold	5,128	3,155
Total value	$636,871.33	$541,230.82
Average price($/ckg, live)	$46.33	$72.47

*Note: Prices expressed in dollars per 100 kilograms; weights expressed in kilograms.

The status of the pork industry in 1988 could be compared to a ship on a stormy ocean voyage. Tossed about on a sea of turmoil and uncertainty, it's time for the crew to batten down the hatches and prepare to navigate through some turbulent water.

In the latter half of 1988 the purchasing power per dollar of hog revenue was probably the lowest ever experienced by Saskatchewan producers. The tight profit margins and negative returns throughout 1988 are predicted to extend into the second quarter of 1989 creating severe cash shortages and making hog production an extremely challenging enterprise.

From a production standpoint, 1988 hog numbers approached the record breaking levels of the early 1970's, with the percentage increase the highest in Canada. Because of higher hog prices and low grain prices in the preceding two years the increase came as no surprise but it also precipitated a pronounced down turn in the hog cycle, an extended period of depressed prices and a longer than normal recovery period.

The major events of 1988 include developments in The National Tripartite Stabilization Program, the U.S. countervailing duty and introduction of the Canada/U.S. Free Trade Agreement.

Lower prices triggered Tripartite payments in three quarters of 1988 with third and fourth quarter payments much larger than anticipated. The program was amended in an effort to enlist the participation of non-member provinces. The effort appears to have succeeded and we may soon see a truly national program. A national plan will provide a definitive data base for trade discussions as well as creating a more equitable competitive environment for interprovincial hog production.

The news was both good and bad in our trading associations with the U.S. On the positive side, the Canadian industry requested and received a review of the 1985-1986 trading year which resulted in a reduction of the duty on live hog exports from $10.00 per head to approximately $5.00 per head. The excess duty paid will be returned to Canadian pork producers.

On the negative side, the National Pork Producers Council of the U.S. filed for a countervailing duty on fresh, frozen and chilled pork exports. This duty could be imposed as early as May of 1989 and coupled with lower exchange rates, will make trade with the U.S. even more costly.

The Canada/U.S Free Trade Agreement presents the Saskatchewan industry with potentially greatly enhanced trade prospects. Already we are seeing some changes for the good, but the full potential will not be realized without considerable effort on our part.

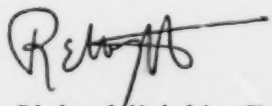
The question of subsidy definition is linked to the Tripartite program, countervailing duty actions, government programs in the grain sector, and other programs and practices of which our two nations have differing opinions. A thorough analysis of these differences is imperative.

The Board in undertaking a serious program of self-examination and future planning. We have identified major areas of concern to Saskatchewan's hog industry . We have targeted problems to be solved and have established objectives which we believe will provide a secure direction for our industry.

Our highest priority is the actual structure of the Board. We will be focussing attention on how the Board is set up to carry out decision making and conduct communications activities. We will be studying precisely how the Board deals with outside groups who have the power to influence the resources available to carry out its job. Also under scrutiny will be industry and government programs which affect the ability of pork producers to do a better job.

As ever, our paramount task will be to continue to be innovative in marketing the consumer products we produce. There are, however, some major challenges ahead including changing consumer patterns and tastes, use of drugs and growth enhancers, vertical integration, and stiff competition.

As our journey continues, and we sail into better times, we must make sure that our course is accurate and that all precautions are observed along the way.



Richard Wright, Chairman

Nineteen eighty-eight will be remembered for three things:

a) The Saskatchewan Pork Producers Marketing Board marketed over 1,000,000 hogs;

b) Drought devastated much of the prairies;

c) For pork producers, the resulting high feed grain costs and extremely low hog prices resulted in very poor returns.

Quarterly hog prices in 1988 did not follow normal patterns. Prices for the first two quarters behaved normally, however, the usual price surge in the third quarter did not materialize. Third and fourth quarter prices were lower than the second quarter prices. The 1988 average price in Saskatchewan was $130.89/ckg. The first quarter average was $134.64, the average rose to $140.98 in the second quarter, fell to $130.51 in the third quarter and dropped to $117.24 in the fourth quarter, the lowest price of the year. As rapidly as prices fell in the third and fourth quarter the cost of production rose to reflect the increase in barley prices.

The high hog prices and low barley costs of 1986/1987 inevitably lead to increased production. In 1988, Saskatchewan marketings exceeded 1,000,000 hogs for the first time since the early 197C's with the 1988 total of 1,027,675 hogs up 26 percent compared to 1987, the largest percentage increase in Canada.

The majority of Saskatchewan hogs, over 94 percent, continued to be slaughtered in Saskatchewan either at Intercontinental Packers in Saskatoon or at Moose Jaw Packers in Moose Jaw. The remainder were sold, on a live-weight basis, to other provinces and to the United States. Alberta and Manitoba packers purchased 1.7% of Saskatchewan hogs and U.S. meat packers purchased 3.3%.

Moose Jaw Packers continued to expand in 1988 with the Board increasing dressed sow sales and implementing a boar slaughter program. Moose Jaw sow slaughter totalled 22,000 which were sold as carcasses and/or cuts.

Total North American hog kill increased in 1988 most notably in the U.S. where slaughter rose seven percent to 87 million. Canadian production increased, but at a lower rate than in the U.S. Production surpassed 15 million hogs with all provinces recording production increases. Saskatchewan lead the way with a 26 percent increase, Alberta 15 percent and Manitoba 8 percent.

Canadian exports of dressed pork to the United States declined in 1988. As dressed pork exports declined, live hog shipments to the United States increased from approximately 275,000 hogs to 600,000 in 1988. This trend was largely attributed to labour disruptions at Canadian meat packing plants.

The forecast for 1989 is for a gradual reduction in hog supplies. Hog production for the first few months will probably be above a year earlier and then, because of exceedingly poor profit margins, may decline dramatically in the latter half of 1989.

For the year, North American production should be down between five and ten percent. Hog prices will be influenced by production levels - under severe pressure during the first and increasing as production declines.

The major accomplishment in 1988 was the Board's ability to handle over one million head of hogs marketed, with no extra staff. This was accomplished with some extra part time help, and through better utilization of existing staff.

The Board was saddened by the untimely passing of Mrs. Peggy Poppowich, early in 1989. Peggy had a long term association with the Board, originally designing the computer software which the Board has used since 1975. Peggy will be missed by staff and all who knew her.

Replacement of the aging S.P.P.M.B. computer equipment was undertaken in earnest in 1988. At year end, evaluation of two alternatives was underway, with a decision expected in early 1989. It appears that chances are good for cost savings through adoption of a new "in house" configuration.

The Board became a partner in Moose Jaw Packers in 1988. This partnership was a continuation of excellent working relationships in the past, and bodes well for future developments with that company. Considerable time was expended in efforts to expand the operation in 1988.

The Board continued to administer the Tripartite and SHARP Programs, under a contractual relationship with the Saskatchewan Government. SHARP continued to be phased down and administration of that program was routine. Due to poor prices and expanding production, the Board received hundreds of phone calls from producers wishing to enter the Tripartite Program. The Tripartite Program made its first payments for quarters one, three and four of 1988. Changes to Tripartite will pose an additional administrative load in 1989 as a result of the entry of additional provinces.

Producer concerns over the delay in receiving cheques from Ottawa, and sporadic receipt of sales data from small plants remain the two predominant problems.

Due to heat, congestion and heavy hog deliveries, the transit insurance program incurred an operating loss in 1988. Modifications to hog handling facilities in 1989 should reverse this loss situation. The Board policy of surcharging high-loss producers continues.

The Board considered endorsing a farm employee benefit program (which would be available to farmers to extend to their employees) in 1988, but declined to participate in the program due to the complex nature of such programs.

The traditional series of country meetings (twelve) was again held in February.

S.P.P.M.B. participation in the Canada Pork promotion program continued in 1988 with excellent working relationships. Continuing differences at the national level saw the withdrawal of the Alberta Pork Producers Marketing Board from partial participation in Canada Pork in favor of their own independent program. This is disappointing as it raises the question of "free riding" on benefits of the national program.

At year end, the Board was considering improvement of assembly facilities at Swift Current in cooperation with the Saskatchewan Wheat Pool.

Saskatchewan pork producers contributed a levy of approximately 23 cents per hog toward pork promotion in 1988. Ten cents was designated for the retail program, five cents for the foodservice program and eight cents remained in the province to fund strictly provincial promotion projects plus the salary of one full time staff member. Pork producers in Saskatchewan contributed 15 cents to Canada Pork; therefore emphasis is placed on the retail and foodservice industry.

While the foodservice industry is slow in expansion in Saskatchewan compared to the more urban populated provinces, pork is still gaining popularity. More local cafes, hotel-restaurant complexes, and fine dining rooms are serving pork in an interesting or elegant manner indicating chefs and cooks are recognizing the profit potential of pork.

Restaurant promotions were coordinated from both the national and provincial levels. The national promotions included Sears, Delta Hotels and Zellers. One of the more exciting promotions involved Canadian Airlines where pork was featured during the month of July. Some of the provincially organized promotions include the Bay (Regina, Saskatoon, Prince Albert), Mieka's Landmark Inn, Bessborough, Saskatoon Inn and Lydia's.

An unusual promotion was held in February when the Swedish Olympic Hockey Team savored a meal of world class pork prior to their exhibition game with Team Canada. They were treated to an elegant stuffed loin of pork accompanied by "Pork" napkin rings, tent cards and after pork mints.

The board participated in Saskatchewan's largest restaurant industry show, Food-A-Rama. Over one thousand foodservice operators attending the show were exposed to the promotional materials available for foodservice promotions and sampled the finger food, Porky Pines, distributed by Scott National (Western Canada's largest food product distributor).

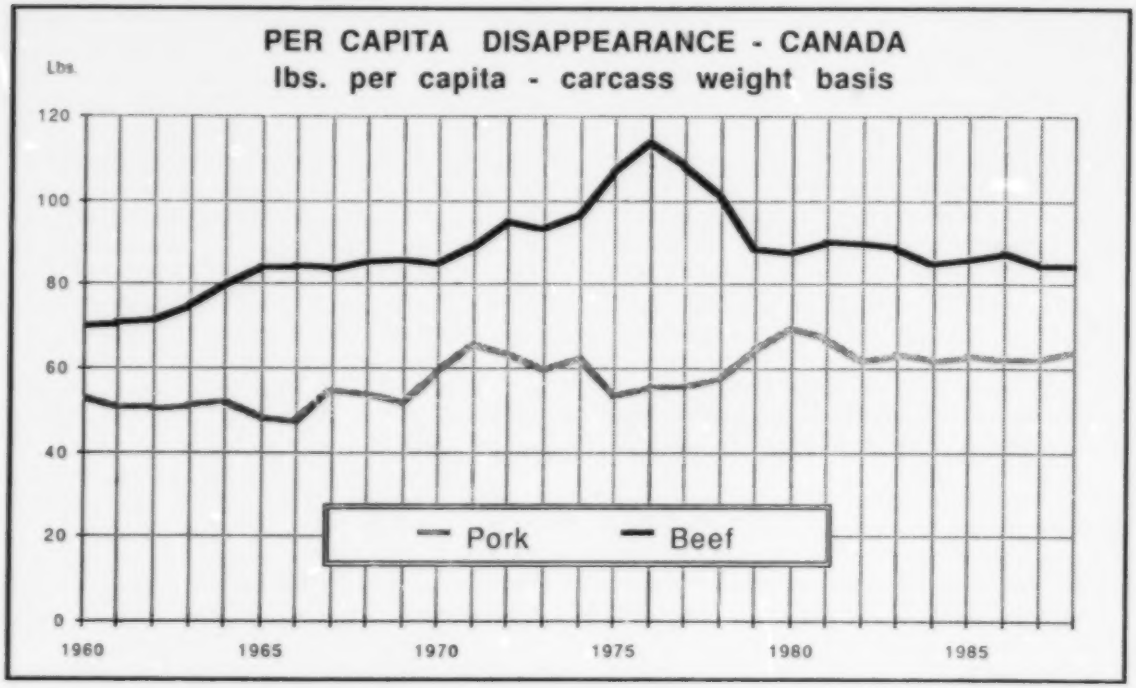
The retail program for 1988 centered on the Pork steak concept for the second consecutive year. The Board participated in the I.G.A and Federated Cooperatives retail pork cutting seminars. Retail seminars are an excellent tool in helping to educate the meat cutters on merchandising techniques used in the pork steak program. Superstore, Canada Safeway, Federated Cooperatives, I.G.A., O K Economy and Shoprites, were exposed to the program and had equal access to the merchandising materials. In total, 290 outlets in Saskatchewan including small meat processors, participated to a certain extent in the retail program with some retailers realizing the profit potential more readily than others. For example, Superstore held in-store demonstrations at their own expense, and used coupons to move more product. Superstore also featured extra lean ground pork using the same techniques with promotional merchandising aid from the retail program.

Canada Pork, with the assistance of Saskatchewan Pork, participated in the Canadian Medical Convention in Vancouver to distribute the new nutrient data on Canadian pork.

To celebrate Canadian Meat Month, the Pork Board, Beef Information Centre and Saskatchewan Sport presented "Food in the Fast Lane" by Helen Bishop MacDonald, official consulting nutritionist to the Calgary Olympics. Over 200 attended including; coaches, sports medical doctors, teachers, dieticians, trainers and leaders in athletic fields.

Agribition was a tremendous success. The Pork Board participated in three areas: the Lifestyles Showcase where today's consumer was the target, the Agri-Educational Showcase where over 10,000 school children learned by a "hands on approach" about how our food is produced, and the Back-Bacon-on-a-Bun selling booth. Profits from the selling booth go directly back into promotion.

Nineteen eighty eight was a year for growth in promotion. The retail and food service areas continue to grow each year as Canada Pork matures. More pork was utilized in the foodservice industry and a trend was evident in the retail industry to present a "value added" boneless, well trimmed pork product. Nineteen eighty nine promises further building on existing programs, resulting in an increase of pork promotion.



Returning Officer's Report
David Francis,
Saskatchewan Agriculture

The closing date for nominations was February 26, 1988. The official number of nominations received was:

Region #2 - 6
Region #4 - 5
Region #6 - 1

In Region #2, there were six nominations for the five Delegate positions and a mail-in vote was conducted. All voting envelopes postmarked not later than March 2, 1988 were included in the count. Voting statistics were as follows:

Region #2

Ballots Cast	118
Late Ballots	4
Ballots Accepted	114
Number of Eligible Voters	591
Percent Return	19.3

The final count resulted in a tie for the fifth Delegate position between Arthur Crone of Moose Jaw and Glenn Hepworth of Assiniboia.

At the 1986 S.P.P.M.B. Annual Meeting, the following motion to resolve a tie was put forth and carried:

"If it appears upon counting the votes that two or more candidates for election to the Board have an equal number of votes, the returning officer shall write the names of such candidates separately on blank sheets of paper of equal size and of the same color and texture and, after folding the same in a uniform manner and so that the names are concealed, deposit them in a receptacle and direct some person to withdraw on of the sheets, and the candidate whose name appears on the sheet thus withdrawn shall be by the returning officer declared elected. The returning officer shall not be a producer nor an employee of the Board."

This protocol was followed. Mr. Fred Longstaff, Secretary Manager of the Saskatchewan Turkey Producers' Marketing Board was requested to select one piece of paper from a suitable receptacle. The name drawn was that of Glenn Hepworth of Assiniboia.

The candidates declared elected in Region #2 were (in alphabetical order):

John George, Climax
Glenn Hepworth, Assiniboia
Albert Jans, Maple Creek
Wayne Vermette, Kyle
Irvin Yorga, Flintoft

In that each Region requires five delegates, the five nominees in Region #4 were declared elected by acclamation:

Scott Gattey, Outlook
Cornilius Hiebert, Osler
Bernard Labar, Birsay
Peter Unger, Hague
Harvey Wagner, Hague

Only one nomination was received in Region #6. The nominee, Ben Gaudet of Bellevue, was declared elected by acclamation.

Under Section 31 of the Pork Producers Marketing Plan Regulations, where the office of delegate becomes vacant, the remaining delegates shall appoint a qualified registered producer to fill the vacancy, or may request that the Board call a by-election. Mr. Gaudet chose the appointment option and summarily appointed the following four registered producers, which in addition to himself, filled the five Region #6 Delegate positions:

Harold Fast, Spiritwood
Roger Thibault, St. Benedict
Dean McDermott, Nipawin
Marc Cousin, Bellevue
Ben Gaudet, Bellevue

Three new Directors were elected at the Board's Annual Meeting held April sixth, 1988, Travelodge, Saskatoon. Irvin Yorga of Flintoft was elected Director Region #2; Harvey Wagner of Hague, Director Region #4; and Ben Gaudet of Bellevue, Director Region #6.

Elected to the Board's 1988 Executive positions were:

Richard Wright, Wawota, Chairman of the Board;

Garth Larson, Semans, Vice-Chairman;

Ken Jamieson, Battleford, Vice-Chairman.

Garth Larson declined to let his name stand for a seventh term as Chairman of the Board.

Nineteen resolutions were presented to Delegates attending the Annual Meeting. Of these, eleven were carried, six were defeated and two were declared redundant.

Elected to the 1988 Resolutions Committee were Irene Cruson, Chairwoman, Don Mortenson and Wayne Vermette.

Directors and Delegates, 1988

Region #1
Richard Wright, Wawota, Chairman
Irene Cruson, Regina
Dwain Davis, Arcola
Dennis Rutten, Carlyle
Brian Tennant, Kipling

Region #2
Irvin Yorga, Flintoft, Director
John George, Climax
Glenn Hepworth, Assiniboia
Albert Jans, Maple Creek
Wayne Vermette, Kyle

Region #3
Ken Jamieson, Battleford, Director, Second Vice-Chairman
Herb Dunser, Medstead
Raymond Gatzke, Spiritwood
Lorrie Reed, Elrose
Peter Volk, Tramping Lake

Region #4
Harvey Wagner, Hague, Director
Scott Gattey, Outlook
Cornelius Hiebert, Osler
Bernard La Bar, Birsay
Peter Unger, Hague

Region #5
Garth Larson, Semans, Director, First Vice-Chairman
Doug Edwards, Nokomis
Don Mortenson, Govan
Dennis Schutz, Churchbridge
Keith Stephens, Balcarres

Region #6
Bernard Gaudet, Bellevue, Director
Marc Cousin, Bellevue
Harold Fast, spiritwood
Dean McDermott, Nipawin
Roger Thibault, St. Benedict

Region #7
Donald Kolla, Cudworth, Director
Gregor Kehrig, Bruno
John Kirzinger, Leroy
Dennis Merkosky, Humboldt
Paul Ulrich, Spalding

The Swine Herd Technology Transfer Program is a three year specialized extension program administered by the S.P.P.M.B. through the Production and Research Committee and funded by E.R.D.A. (Federal/Provincial Regional Economic Development Agreement).

Total funding from E.R.D.A. over the three year period is $180,000.00.

The program, with offices in the S.P.P.M.B. building in Saskatoon, is coordinated by Marilyn Jonas.

The Program's objectives are:

1. To increase producer involvement in the planning and delivery of information extension programs.

2. To form mutual interest "producer groups" whose members can profit from each other's experience.

3. To establish resources and expertise to which producers can refer to improve their operations and therefore, the industry.

Now in its third year, the Program is well on its way to achieving these objectives through:

1. Formation of a number of Producer Groups throughout the province. Now in their third year, most of these groups are completely self-reliant with the Resource Coordinator providing assistance by suggesting topics and activities and locating suitable speakers.

2. Organization and/or sponsorship of a number of key Pork Management Seminars featuring both home-grown and internationally recognized speakers. These include: Hemsworth and Baxter (Feb, 1988), Weyburn Seminar (March, 1988), and The Saskatchewan Swine Symposium (November, 1988).

3. Involvement of local producers, veterinarians and extension and industry specialists in pork management extension.

4. Expansion of the Pork Production Video Tape Lending Library to twenty titles many of which were recorded "live" at Pork Management Seminars. Interest in the tapes remains high.

5. Publication of the second edition of the Pork Industry Suppliers Directory. The Directory provides a detailed listing of over 70 companies involved with marketing pork production equipment, feed and information services in the prairie market place.

6. Distribution and sale of a number of excellent pork management text books to Saskatchewan producers.

The Technology Transfer Program has successfully expanded the "extension" base of the Pork Industry. Producer input and involvement in the program's projects has been the backbone of this success.

Members:

Ken Jamieson, Battleford, Chairman

Izaac Cruson, Regina

Keith Stephens, Balcarres

Paul Ulrich,Spalding

Harold Fast, Spiritwood

Dr. Al Theede,
Saskatchewan Agriculture, Saskatoon

Projects and activities in 1988 include:

Commitment of $25,000 per year to support the appointment of Dr. John Patience as Research Director of the Prairie Swine Centre, University of Saskatchewan, Saskatoon.

Financial support amounting to approximately $17,000 per year, to support a Swine Research Chair at the Veterinary Infectious Diseases Organization (VIDO), University of Saskatchewan, Saskatoon. The support is a cooperative effort of the western pork boards and is based on annual provincial production.

The Committee is funding a study by Dr. John Patience, on "Marketing Hogs at Heavier Weights". The study is expected to be completed in 1989.

In addition, the Committee sponsors the annual Swine Symposium, Swine Design, an annual pork industry trade show and artificial insemination courses as well as supervising the Technology Transfer Program headed by Marilyn Jonas and funded by ERDA.

Funding for the Committee's activities and projects is generated from interest on a Government of Saskatchewan grant of $130,000 and from a 0.05 percent checkoff assessed on the gross value of each pig marketed.

Saskatchewan's "Top 21 Producer " pins were awarded at the annual Swine Symposium Banquet held November 18, Travelodge, Saskatoon. All producers who marketed through the S.P.P.M.B. during the period January 1, 1988 to October 21, 1988, were eligible for the quality production awards.

The Board congratulates the following producers for their exemplary production achievement.

	Marketing Category	Production Unit	Average Index
Region #1	1,500 and over	Dutch Farms, Regina	107.3443
	500 - 1,500	Crossroads Co-op Farm, Fillmore	108.7033
	500 and Under	Clayton Erickson, Maryfield	106.7295
Region #2	1,500 and Over	Cypress Colony, Maple Creek	105.9296
	500 - 1,500	Hiembrandt Enterprises, Moose Jaw	107.8665
	500 and Under	John E. George, Climax	109.2193
Region #3	1,500 and Over	Smiley Colony, Smiley	106.7398
	500 - 1,500	Windy Plains Hog Farm, Rosetown	106.1810
	500 and Under	Creech Farming Ltd., Lloydminster	107.4533
Region #4	1,500 and Over	Clear Spring Colony, Kenaston	106.8115
	500 - 1,500	Bumar Farms, Aberdeen	106.5501
	500 and Under	Reginald D. Friesen, Waldheim	108.7174
Region #5	1,500 and Over	Kendall Penner, Norquay	107.8779
	500 - 1,500	Scott Crawford, Simpson	108.6462
	500 and Under	Clifford Bartel, Saltcoats	106.8580
Region #6	1,500 and Over	DG & NJ Lidster, White Fox	106.2270
	500 - 1,500	Paul Kernaleguen, St. Brieux	107.6966
	500 and Under	Donald Youzwa, Nipawin	107.2310
Region #7	1,500 and Over	Paul Ulrich, Spalding	107.6332
	500 - 1,500	Don Kolla, Cudworth	109.1545
	500 and Under	Otto R. Witte, Englefeld	107.2317

* Average index calculations include all hogs indexing 80 or over; dead or condemned hogs are not included.

Size of Saskatchewan Production Units
1988 - 1987 - 1986

Hogs Sold Per Year	Number of Production Units			% Change 1988/1987
Category	1988	1987	1986	
1 - 100	3,887	3,127	2,528	+24.3
101 - 200	588	386	336	+52.3
201 - 500	562	445	381	+26.3
501 - 1,000	275	218	206	+26.1
1,001 - 2,000	119	90	83	+32.2
2,001 - 4,000	43	35	40	+22.9
4,001 & over	33	31	24	+06.5
Total	5,507	4,332	3,598	

Source: Saskatchewan Pork Producers Marketing Board

Saskatchewan Marketings By Size of Production Unit

1988 - 1987 - 1986

Hogs Sold Per Year	Marketings			% Change 1988/1987
Category	1988	1987	1986	
1 - 100	95,308	64,900	53,185	+46.9
101 - 200	84,136	56,030	48,411	+50.2
201 - 500	180,116	143,008	121,704	+25.9
501 - 1,000	190,057	151,652	144,772	+25.3
1,001 - 2,000	159,732	119,600	108,287	+33.6
2,001 - 4,000	115,626	95,442	111,309	+21.1
4,001 and over	202,700	185,705	153,036	+09.2
Total	1,027,675	816,337	740,704	

Source: Saskatchewan Pork Producers Marketing Board

Production Units by Electoral Region

At Dec 31, 1988 (1987 in brackets)

Region	No. Units		% Change	Hogs Sold		% Change
1	521	(390)	+33.6	70,526	(49,180)	+43.4
2	761	(558)	+36.4	177,401	(146,035)	+21.5
3	1,146	(856)	+33.9	189,705	(148,008)	+28.2
4	739	(604)	+22.4	162,113	(138,217)	+17.3
5	639	(507)	+26.0	90,727	(71,982)	+26.0
6	1,123	(903)	+24.4	160,696	(114,204)	+40.7
7	502	(462)	+08.7	154,204	(133,422)	+15.6
Totals	5,431	(4,280)	+26.5 (Average)	1,005,372	(801,048)	+27.5 (Average)

Out of Province Units - 76 (52)
Out of Province Marketings - 22,303 (15,289)

Source: S.P.P.M.B.

Destination of Hogs
1988 Compared to 1987

Destination	Quantity		Percent Total	
	1988	1987	1988	1987
Saskatchewan	972,923	791,616	94.67	96.97
Other Provinces	17,291	15,989	1.68	1.96
U.S.A.	37,461	8,732	3.65	1.07
Totals	1,027,675	816,337	100.00	100.00

Source: S.P.P.M.B.

Comparison of Cost of Production Under SHARP
By Quarter 1988 (1987)
($/100 Kilograms, Dressed, Index 100)

	Quarter #1	Quarter #2	Quarter #3	Quarter #4
Cash Costs	101.41 (105.18)	103.64 (104.32)	112.57 (104.23)	123.19 (102.56)
Non-Cash Costs	66.40 (63.76)	66.47 (64.44)	67.59 (66.38)	67.50 (65.90)
Cost of Production	167.81 (168.94)	170.11 (168.76)	180.16 (170.61)	190.71 (168.45)
Support (Floor) Price)	151.21 (153.00)	153.48 (152.65)	163.27 (154.01)	173.83 (151.99)
Average Hog Price	134.72 (154.90)	140.98 (177.80)	130.51 (193.70)	117.24 (146.32)

SHARP Payout by Quarter, 1988

First Quarter:	$1,385,874.74
Second Quarter:	$ 946,202.74
Third Quarter:	$ 421,902.93
Fourth Quarter:	$1,174,611.17
Total Payout	$3,928,591.58
Participants at December 31, 1988	3,074

Source: S.P.P.M.B.

As stipulated by the National Tripartite Stabilization Program, from January 1, 1988 to March 31, 1988, SHARP payments were reduced to 70 percent of normal and from April 1, 1988 to December 31, 1988, payments were phased down to 50 percent of normal.

S.P.P.M.B In Transit Insurance
(Losses/thousand)

	1988	1987
January	2.32	1.68
February	2.25	1.51
March	2.00	1.72
April	1.93	2.14
May	5.55	2.21
June	6.19	2.93
July	7.01	3.39
August	2.50	2.39
September	2.58	2.27
October	1.70	1.41
November	1.32	1.66
December	1.59	1.62
	3.08	2.08

Source: S.P.P.M.B.

Central Assembly Yard Volumes 1988 Compared to 1987

Central Yard	1988	1987
Arborfield	24,512	21,405
Assiniboia	6,516	4,676
Lloydminster	12,179	7,657
Luseland	33,609	21,905
Maple Creek	50,641	46,233
Melfort	50,371	35,780
Moose Jaw	11,819	11,013
North Battleford	39,370	26,911
Prince Albert	59,698	38,291
Redvers	27,611	17,855
Regina	46,224	36,296
St. Gregor	53,055	44,322
Swift Current	61,169	49,076
Whitewood	11,337	7,252
Yorkton	30,951	20,971
Total	519,062	389,643

Source: S.P.P.M.B.

Summary of Boar Sales, 1988

Date		Number of Boars	Price ($/ckg)
Jan	06	45	$69.50
Jan	20	216	61.20
Feb	03	104	51.10
Feb	17	218	66.50
Mar	02	158	64.30
Mar	16	171	50.30
Apr	06	167	60.80
Apr	20	177	53.60
May	04	155	53.70
May	18	189	60.20
Jun	01	189	62.90
Jun	15	258	43.90
Jul	06	298	35.20
Jul	20	278	35.80
Aug	03	171	30.00
Aug	17	261	38.90
Aug	31	143	44.10
Sep	14	224	31.90
Sep	28	323	38.90
Oct	12	176	31.40
Oct	26	252	37.10
Nov	09	293	33.30
Nov	23	284	30.10
Dec	14	378	27.10

Total 1988	5,128	Average	$46.33
Total 1987	3,155	Average	$72.47

Total Value 1988	$636,871.33
Total Value 1987	$541,230.82

Source: S.P.P.M.B.

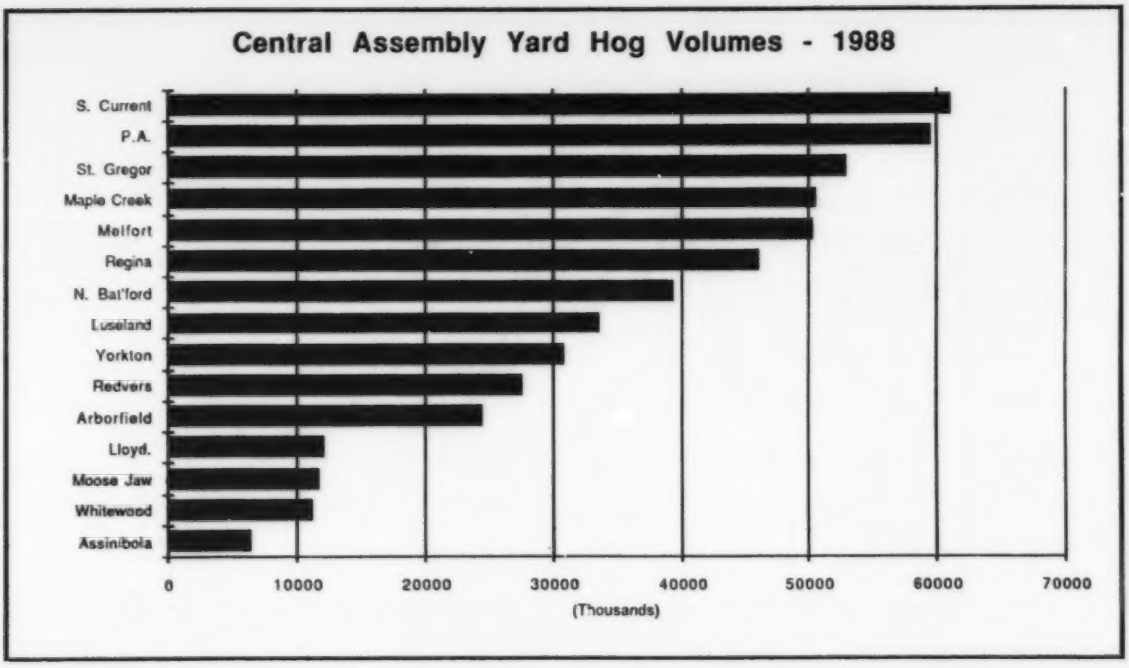
Saskatchewan Weekly Pool Prices and Marketings - 1988

(Market Hogs - $/100 Kilograms, Dressed, Index 100
Sows - $/100 Kilograms, Dressed, No. 1 Heavy)

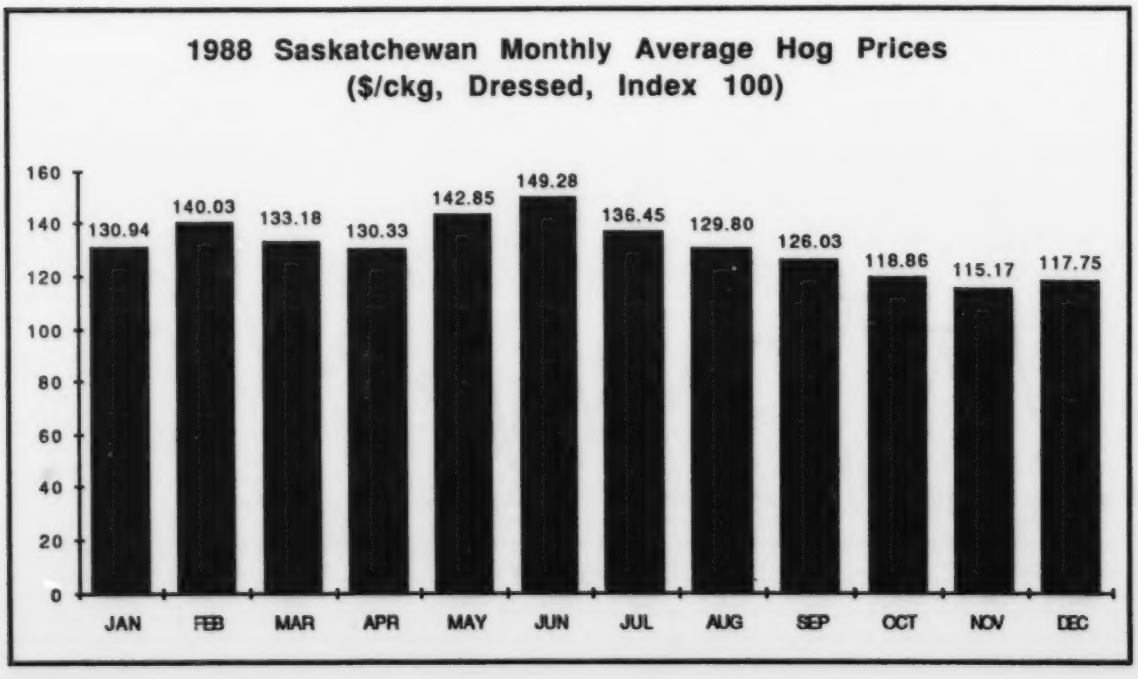
Week Ending	Market Hog Pool Price	Sow Pool Price	Del.	Week Ending	Market Hog Pool Price	Sow Pool Price	Del.
Jan 08	121.90	71.00	21,272	Jul 01*	137.00	68.50	16,470
Jan 15	124.40	73.10	19,465	Jul 08	140.30	65.00	20,995
Jan 22	135.30	74.20	19,170	Jul 15	140.00	67.20	19,443
Jan 29	143.40	78.50	18,965	Jul 22	132.40	78.50	19,089
				Jul 29	132.80	76.80	19,979
Feb 05	143.00	86.40	15,062	Aug 05*	128.10	75.10	16,942
Feb 12	138.60	89.50	20,515	Aug 12	128.60	72.50	19,960
Feb 19	141.10	90.30	19,910	Aug 19	130.70	71.50	20,034
Feb 26	138.70	88.50	18,585	Aug 26	131.40	72.20	20,432
Mar 04	137.10	89.50	19,595	Sep 02	130.00	74.00	17,511
Mar 11	136.10	90.40	18,493	Sep 09*	126.10	75.40	19,543
Mar 18	130.20	85.20	20,104	Sep 16	127.40	74.10	20,571
Mar 25	133.50	87.50	19,233	Sep 23	125.70	70.20	21,677
				Sep 30	124.70	69.60	22,939
Apr 01*	129.30	87.20	15,670	Oct 07	121.20	69.80	18,940
Apr 08	124.80	87.20	20,898	Oct 14*	117.50	68.50	19,469
Apr 15	125.40	87.20	22,027	Oct 21	117.20	68.50	23,741
Apr 22	131.10	87.00	19,938	Oct 28	118.90	68.50	19,979
Apr 29	141.10	86.90	19,420				
May 06	144.00	86.90	19,643	Nov 04	123.20	64.30	21,251
May 13	137.20	87.00	17,371	Nov 11*	119.10	68.10	17,247
May 20	140.90	89.10	20,338	Nov 18	111.60	67.90	22,107
May 27*	145.60	100.40	17,484	Nov 25	111.00	66.70	21,385
Jun 03	150.20	103.00	21,259	Dec 02	112.60	66.20	20,606
Jun 10	157.50	94.30	18,423	Dec 09	115.50	62.70	20,270
Jun 17	156.00	79.50	19,376	Dec 16	124.70	62.80	22,580
Jun 24	144.80	73.50	20,142	Dec 23	116.70	69.20	22,623
				Dec 30*	114.80	69.20	15,785

* Holiday Week

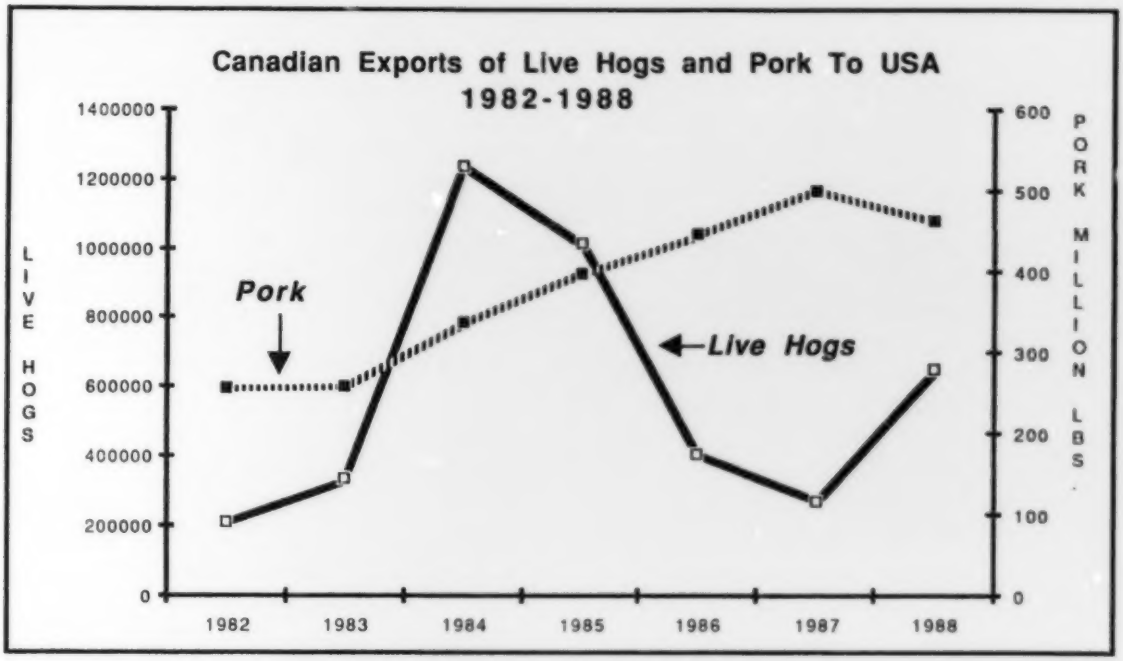
Source: S.P.P.M.B.

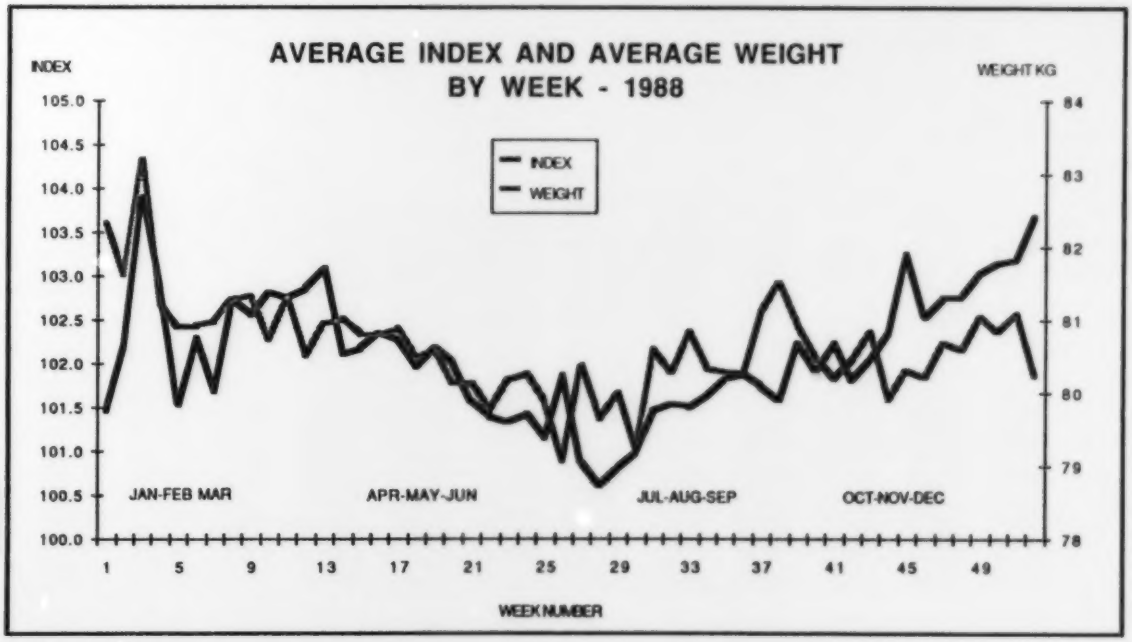


Source: S.P.P.M.B.

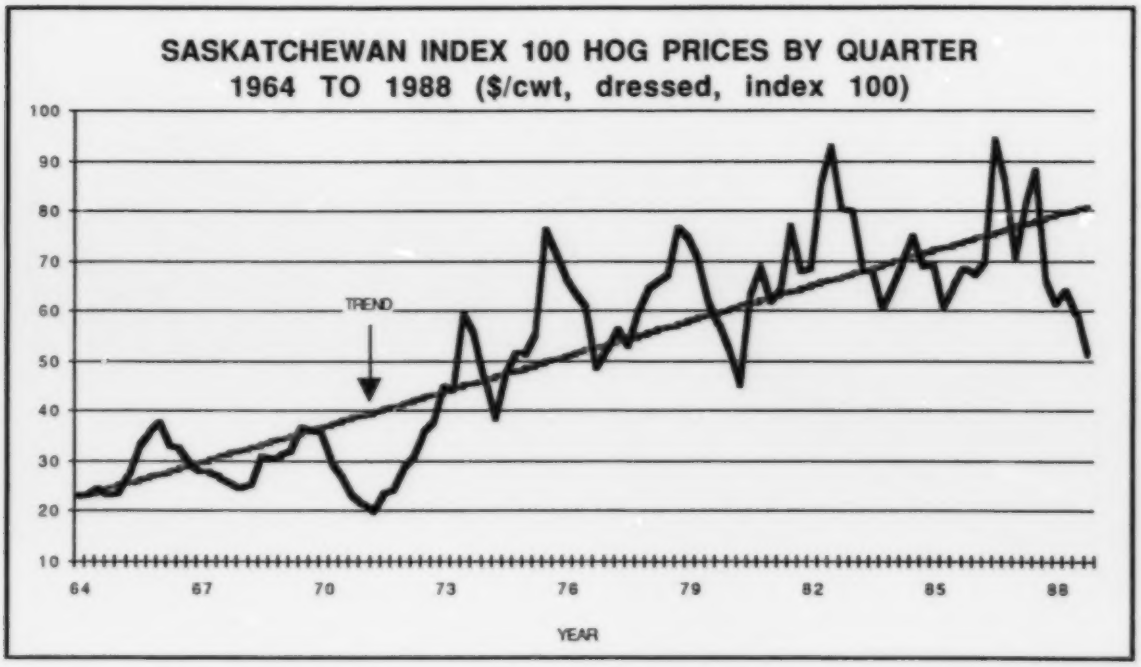


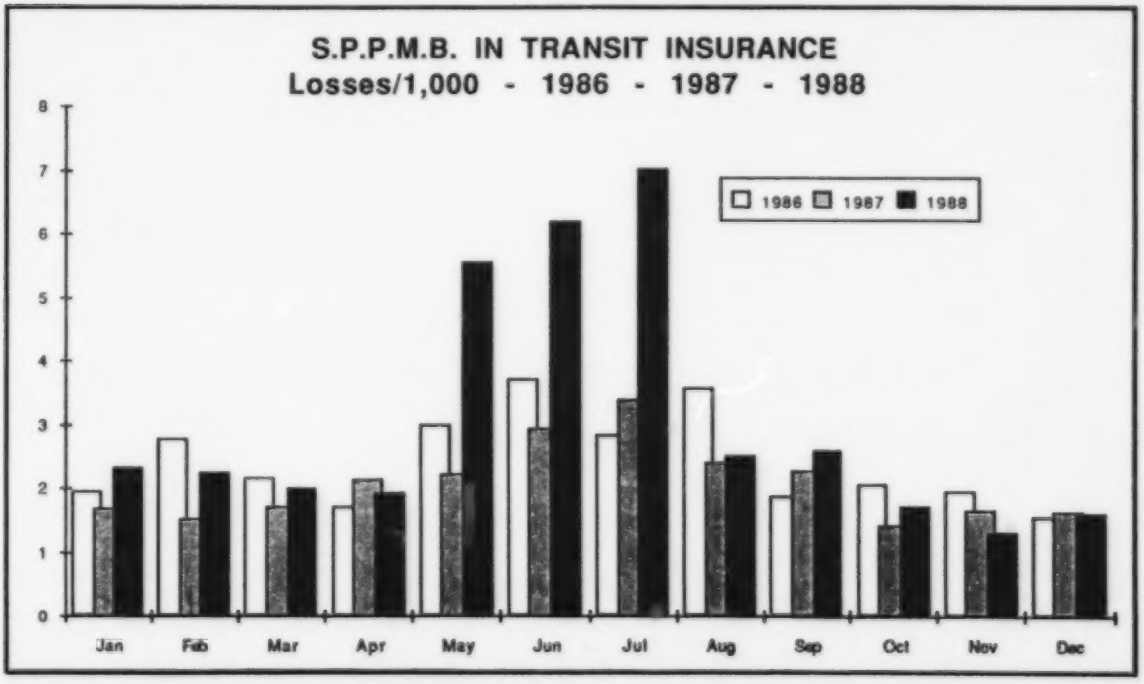
Source: S.P.P.M.B.



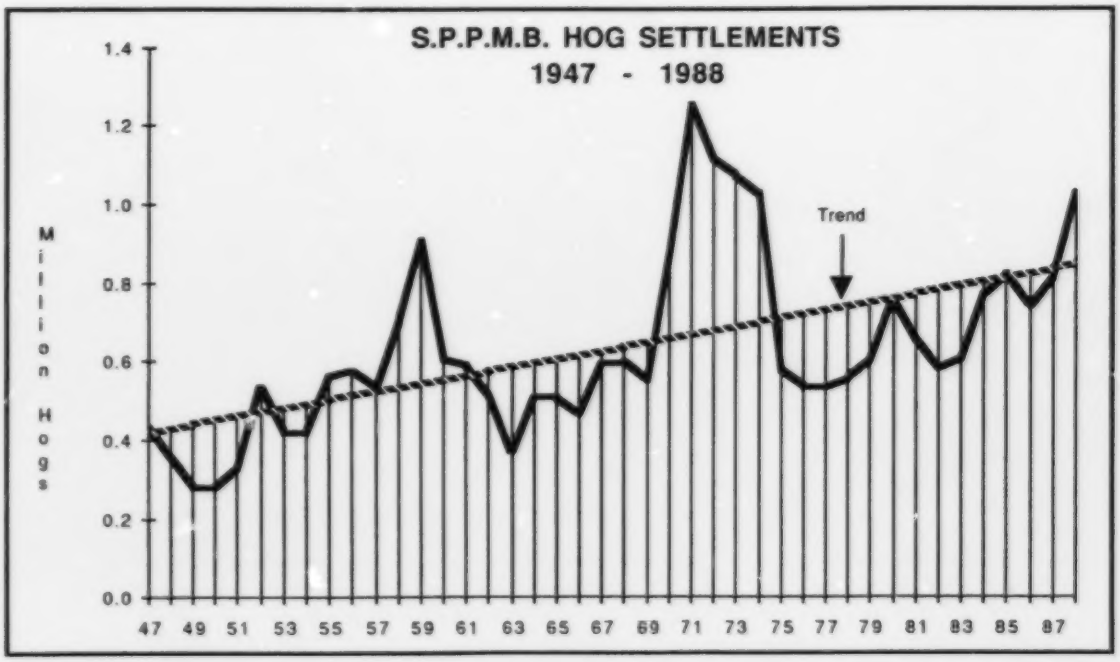


Source: S.P.P.M.B.





Source: S.P.P.M.B.



Source: S.P.P.M.B.

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

FINANCIAL STATEMENTS

Year Ended December 31, 1988

OFFICE OF THE PROVINCIAL AUDITOR

REGINA, SASKATCHEWAN

AUDITOR'S REPORT

To the Board of Directors of the
Saskatchewan Pork Producers Marketing Board

I have examined the balance sheet of the Saskatchewan Pork Producers Marketing Board as at December 31, 1988, and the statements of operations and unappropriated equity, and cash flows for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at December 31, 1988, and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

W. G. Lutz

Regina, Saskatchewan,
March 2, 1989.

W. G. Lutz, F.C.A.,
Provincial Auditor.

Statement 1

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

BALANCE SHEET AT DECEMBER 31

	1988	1987
ASSETS		
Current		
Cash in bank and short term investments	$ 572,388	$ --
Accounts receivable and accrued interest	101,100	87,677
Prepaid expenses	56,450	100,285
Due from Producers' Trust Fund	1,090,685	1,841,259
	1,820,623	2,029,221
Fixed assets (Note 3)	1,023,612	1,076,292
Long term investment	212 251	--
	3,056,486	3,105,513
Producers' Trust Fund assets (Note 8)	2,887,144	3,553,315
	$5,943,630	$6,658,828
LIABILITIES AND EQUITY		
Current		
Bank overdraft	$ --	$ 18,020
Accounts payable		
- trade and accrued liabilities	236,036	195,013
- SHARP	123,618	281,351
- Tripartite scheme	180,409	171,432
- other	50,851	60,659
	590,914	726,475
Mortgage payable (Note 6)	406,173	413,186
	997,087	1,139,661
Producers' Trust Fund liabilities (Note 8)	2,887,144	3,553,315
Equity		
Unappropriated equity (Statement 2)	1,487,142	1,388,478
Reserves (Note 5)	572,257	577,374
	2,059,399	1,965,852
	$5,943,630	$6,658,828

(See accompanying notes to the financial statements)

Chairman

General Manager

Statement 2

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

STATEMENT OF OPERATIONS AND UNAPPROPRIATED EQUITY

Year Ended December 31

	1988	1987
Revenue:		
Marketing levy (Note 4)	$1,096,769	$1,125,224
Central yard	1,745,299	1,220,362
Transit insurance premiums	325,443	329,063
Interest	129,432	69,199
SHARP net administration revenue	61,348	65,995
Rent	62,665	29,013
Sundry	92,077	102,043
Total revenue	3,513,033	2,940,899
Expenditure:		
General (Schedule A)	1,400,803	1,333,879
Central yard operations (Schedule A)	1,663,911	1,218,598
Transit insurance operations	376,172	273,282
Total expenses	3,440,886	2,825,759
Income from operations	72,147	115,140
Investment income from Moose Jaw Packers (1974) Ltd.	21,400	--
Net income for the year	93,547	115,140
Unappropriated equity at beginning of year	1,388,478	1,229,089
	1,482,025	1,334,229
Appropriated (Note 5)		
Market development reserve	16,921	46,701
Research reserve	(11,804)	(2,452)
Unappropriated equity at end of year (Statement 1)	$1,487,142	$1,388,478

(See accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

STATEMENT OF CASH FLOWS

Year Ended December 31

	1988	1987
Cash provided by (used in) operating activities		
Net income for the year	$ 93,547	$ 115,140
Adjustments for items not involving cash (receipts) or payments		
- investment income from Moose Jaw Packers (1974) Ltd.	(21,400)	--
- depreciation	79,609	80,784
	58,209	80,784
	151,756	195,924
Net change in non-cash working capital balances, related to operations (Note 9)	663,445	(1,144,270)
Cash provided by (used in) operating activities	815,201	(948,346)
Cash (used in) investment activities		
Capital expenditures	(26,929)	(21,106)
Purchase of long term investments	(190,851)	--
Cash used in investment activities	(217,780)	(21,106)
Cash provided by (used in) financing activities		
Mortgage repayment	(7,013)	(6,630)
Cash used in financing activities	(7,013)	(6,630)
Net increase (decrease) in cash during the year	590,408	(976,082)
Cash and short term investments at beginning of year	(18,020)	958,062
Cash and short term investments at end of year	$572,388	$ (18,020)

(See accompanying notes to the financial statements)

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 1988

1. Authority

The Saskatchewan Pork Producers Marketing Board was established by Order in Council 59/84 pursuant to section 14 of The Natural Products Marketing Act to market hogs in Saskatchewan.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

These financial statements report the levies charged and the Board's activities in the use of those levies.

b) Long Term Investments

Long term investment consists of investment in Moose Jaw Packers (1974) Ltd. over which the Board has significant influence. This investment is accounted for using the equity method.

The difference between assigned acquisition cost and the underlying net book value of assets of Moose Jaw Packers (1974) Ltd., at the date of purchase, amounting to $93,000 is being amortized on a straight-line basis over the service life of the assets.

c) Fixed Assets

Fixed assets are recorded at cost and depreciated on a straight line basis, commencing in the year in which the assets are placed in service, at rates which are expected to amortize the cost over the service life of each asset.

d) Producers' Trust Fund

The Producers' Trust Fund was established to collect funds from hog buyers and then to remit these proceeds net of deductions for shipping, insurance, Board levies and other charges, to the producer.

e) Transit Insurance

The Board administers a program of self-insurance with respect to the transportation of hogs. In accordance with this program the Board receives premiums from producers and makes payments in settlement of claims resulting from the loss of hogs in transit. Any surplus or deficit in this program becomes the Board's revenue or expenditure each year.

3. Fixed Assets

	1988			1987
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Buildings	$1,138,926	$353,327	$ 785,599	$ 840,476
Furniture and office equipment	181,701	151,628	30,073	35,471
Equipment	198,935	177,154	21,781	14,186
Land	186,159	-	186,159	186,159
Total	$1,705,721	$682,109	$1,023,612	$1,076,292

4. Marketing Levy

A marketing levy is retained by the Board representing 1.2% of the gross value of hog sales.

The levy has been disclosed net of direct expenses which amounted to $7,469 during 1988 (1987 - $6,631).

Central yard revenue includes $257,621 (1987 - $268,894) of marketing levy as well.

5. Reserves

Reserves are established by the Board for specific purposes as below. Amounts are appropriated from (to) the unappropriated equity annually as determined by the Board of Directors.

i) Market Development Reserve

An amount of $400,000 was received in 1973 from the Department of Agriculture for the purpose of assisting in the promotion and development of export markets for Saskatchewan pork and pork products. Subsequent to 1973, an amount equal to the net cost of the market development activities has been appropriated from this reserve by the Board every year.

ii) Research Reserve

In 1984, the Saskatchewan Pork Producers Marketing Board received an amount of $130,000 from the Government of Saskatchewan to fund research, promotion and producer education. Subsequent to 1984, an amount equal to a portion of the marketing levy designated by the Board less the related research expenses has been appropriated to this reserve by the Board every year.

Reserve Balances

	Market Development	Research Reserve	Total
Balance January 1, 1988	$294,773	$282,601	$577,374
Appropriated in 1988	(16,921)	11,804	(5,117)
Balance December 31, 1988	$277,852	$294,405	$572,257

6. Mortgage Payable

On July 3, 1986, the Board assumed a 12 1/2% mortgage upon purchase of an office building in Saskatoon. Annual principal and interest payments on the mortgage are $56,988 with the balance due on September 1, 1990.

7. Related Party

During the year, the Board acquired a sufficient percentage of the outstanding common shares of Moose Jaw Packers (1974) Ltd. (the Company) to be able to exercise significant influence over the Company. Therefore, the Company is considered to be a related party. Also as a result of this acquisition, the Board became guarantor of a debt owed by the Company on a pro rata basis of its shareholding in the Company. As at December 31, 1988, the Board's pro rata share of this contingent liability amounted to $139,300.

In addition, on November 30, 1988, the Board agreed to act as a guarantor of a line of credit for the Company up to a maximum of $340,000.00. As at December 31, 1988, the Board's outstanding contingent liability amounted to $100,000.

Included in the Producers' Trust Fund, assets and liabilities are balances resulting from routine operating transactions conducted at prevailing market prices with this Company.

8. Producers' Trust Fund

	1988	1987
Trust fund assets are comprised of:		
Accounts receivable	$2,554,005	$3,404,857
Processed pork for resale	333,139	148,458
	$2,887,144	$3,553,315
Trust fund liabilities are comprised of:		
Bank overdraft	$ 682,229	$ 878,220
Accounts payable	1,114,230	833,836
Due to Board	1,090,685	1,841,259
	$2,887,144	$3,553,315

9. Non-Cash Working Capital Changes

	1988	1987
Accounts receivable and accrued interest	$(13,423)	$ 842
Prepaid expenses	43,835	(16,053)
Due from trust	750,574	(933,220)
Accounts payable	(117,541)	(195,839)
	$663,445	$(1,144,270)

10. U.S. Countervail Duty Rebate

During the period April 3, 1985 to March 31, 1986, the Board paid countervail duty, approximately $496,000 for the export of live hogs to the U.S. During 1988, the U.S. authorities completed an administrative review of this duty and has decided to rebate a substantial portion of the duty paid. It is estimated that this rebate would amount to $250,000, which will be distributed to the Producer when received.

11. Comparative Information

Certain 1987 balances have been reclassified to conform with the current year's presentation.

Schedule A

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

SCHEDULE OF EXPENDITURE

Year Ended December 31

	1988	1987
GENERAL		
Advertising and producer information	$ 41,603	$ 31,841
Automobile and travel	38,466	36,037
Bank charges	18,183	18,152
Building rent and maintenance	63,622	44,641
Directors' and delegates' expense	98,831	89,739
Communications	97,507	81,875
Computer services, equipment rental and maintenance	98,420	102,525
Depreciation and amortization	31,224	28,907
Interest expense	50,515	50,794
Printing, postage and stationery	71,839	59,532
Professional services	1,704	4,849
Salaries and employee benefits	457,825	433,761
Sundry	108,527	92,905
Canadian Pork Council fees	30,384	32,787
Grants, dues and related expenditures	62,452	77,833
Pork promotions	129,701	147,701
	$1,400,803	$1,333,879
CENTRAL YARD OPERATIONS		
Depreciation and amortization	$ 48,385	$ 51,877
Salaries and employee benefits	125,275	74,555
Trucking	1,173,319	859,368
Yard rentals	199,239	160,368
Property taxes and utilities	37,694	33,168
Repairs and maintenance	39,275	21,558
Other	40,724	17,704
	$1,663,911	$1,218,598